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FEDERAL COMMUNICATIONS COMMISSION

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

93-253

Honorable Larry Combest
House of Representatives
1511 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Combest:

This in reply to your letter of September 13, 1993, concerning the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on small businesses, businesses owned by women and minorities and rural telephone companies.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, PP Docket No. 93-253 (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for radio services subject to competitive bidding, *i.e.*, installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS, rather than against larger entities with easier access to capital.

In a separate proceeding on PCS, GEN Docket 90-314, the Commission adopted a licensing coverage scheme based on Rand McNally's Basic Trading Areas (BTAs) for local markets and Major Trading Areas (MTAs) for regional markets. There are 51 MTA and 492 BTA-based service areas under the plan adopted by the Commission.

As we consider the comments in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for small businesses, businesses owned by women and minorities, and rural telephone companies, as required by the Budget Act.

Sincerely,

James H. Quello
Chairman

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LARRY COMBEST
19TH DISTRICT TEXAS

COMMITTEE ON AGRICULTURE
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PERMANENT SELECT COMMITTEE
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Congress of the United States
House of Representatives

September 13, 1993

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Chairman James Quello
Acting Chairman
Federal Communications Commission
1919 M Street NW
Washington, D.C. 20554-0001

Dear Chairman Quello:

As a member of the Small Business Committee, I urge you to consider in the upcoming PCS Rulemaking the ability of small, minority and rural businesses to participate in personal communications services. The Commission's ruling will determine the ability of this nation's fastest growing sector to compete fairly in this emerging industry.

Small businesses have developed sources of employment through their active role in exploring and developing the industries that have growth potential. As this country strives for better services and advanced technologies, small businesses will be there to meet those needs. The ability of small business to deliver personal communications services to our national and local economics will depend on whether it is given the opportunity to fully participate in the new PCS market by the Commission's September 23rd rulemaking. Supporting licensing of smaller markets will foster competition and efficiency, and will help ensure that rural areas have access to personal communication services.

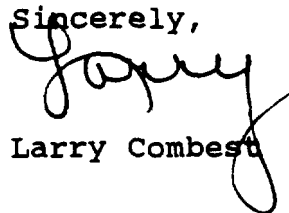
If a scheme which dramatically limits the number of licensing areas is adopted, the blow to rural America will be debilitating. Our rural businesses have dealt with everything from floods to mass-retailer invasions, and through it all, many have survived. But, if these businesses are to remain competitive, advanced technology and services must be delivered to rural America. These services must be available when the technology is "new," not when it is economically viable for a large firm to expand service to these remote areas.

I urge you to adopt a licensing structure ensuring small, minority and rural businesses participation in the upcoming PCS auction process. Creating small market areas will facilitate

Chairman James Quello
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competition and innovation in the marketplace and will ensure
small business involvement in our nation's wireless future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry", written over the printed name "Larry Combest".

Larry Combest

LC/jdo